Pellegrino, Rachel

From: Morris, Craig
Sent: Tuesday, January 04, 2011 5:20 PM
To: Brown, Brian (TM)
Subject: FW: Small Business Study
Attachments: trademark questionaire

Follow Up Flag: Follow up
Flag Status: Completed

From: Mark Gould [(b)(6)]
Sent: Monday, January 03, 2011 9:11 AM
To: TMFeedback
Subject: Small Business Study

1. Please identify whether you are a trademark owner or practitioner, and the general size and nature of your business or trademark practice, including the number of trademark applications and registrations your business has, or your practice handles. Please note that the USPTO will fully consider any comments you submit, even if you choose not to identify yourself in a particular manner.

Thank you for this opportunity to give voice to our frustration and fear. We are more than willing to identify ourselves and be quoted. My name is Mark Gould; my wife is Mary Domito. We live and work in Taos, New Mexico, a small mountain town in the northern part of the state.

In the second quarter of 2008, we applied for and were granted one registered trademark - Toto Home - by the New Mexico Secretary of State. We had no intention/means of ever operating outside the state of New Mexico so we registered our trademark at the state level only. A search by the NM Secretary of State's office found no conflicting trademarks and we believed we had met all the necessary trademark requirements. We still believe this to be the case.

Legally I am the owner/president of an "S" Corporation (Toto Home Inc.) dba Toto Home - a small retail furniture store that sells mattresses, sofas, and home accessories. Toto Home opened in May 2008. I invested my life's savings in this store, however Mary - who is legally deaf - is the true heart, soul, and energy of our small business - she manages it, makes all major decisions, and works at the store in various capacities. Toto Home employs one full-time and one part-time sales-person. Our store will generate annual gross sales of approximately $400,000.

If "small" is your criterion, then Toto Home is the epitome of an American Small Business.

2. In approximately the last 5 years, please describe any instances of which you have first-hand knowledge where a small business may have been the target of litigation tactics attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner.

On July 27, 2010 we/Toto Home, Inc. received a Cease and Desist Order from TOTO USA INC, the American subsidiary of TOTO LTD which is based in Japan. We were ordered to stop using the name/term "Toto" in our business.

TOTO LTD and TOTO USA INC together form a world-wide corporation with market capitalization of $2,400,000,000.00. They own between 60 to 80 subsidiary companies and 9 associated companies. In fiscal 2010 TOTO LTD generated sales in excess of $4,882,000,000.00. They currently maintain five "art gallery" showrooms that exhibit their products in New York, Boston, West Hollywood, Chicago, and Fort Lauderdale. (For purposes of comparison, it will take us 32 years to sell as much as they sell in one day.)

We/Toto Home have never handled or sold any plumbing products, nor do we ever intend to (we offered to sign an agreement stating as much - this was apparently unacceptable to TOTO USA INC). We do not think our tiny furniture business would ever be mistaken for or confused with TOTO USA INC's plumbing business. We used the name/term "Toto" because it is an ancient Latin term meaning "everything" and "all together" - plus it is the name of that wonderful little dog in the "Wizard of Oz" movie - plus it is the name of a really great rock band. We sell mattresses and sofas - they sell toilets and shower stalls. How is it that this giant foreign corporation can claim the name/term "Toto" as their exclusive property based on some esoteric theory that customers might be confused by our using the same word in our business name?

3. Please describe situations where you have been involved in receiving a cease-and-desist letter. Anecdotal information might include, but is not limited to, a description of whether the letter resulted in the small business ceasing its use of one or more marks, or whether the sender of the cease-and-desist letter withdrew or abandoned its demands against the small business owner.

(Please see paragraph 2 above)
Upon consulting with an attorney, we were told that the expenses of this kind of legal action are far in excess of what we can afford; even if all legal arguments were clearly in our favor, the cost of defending ourselves will be greater than the value of our small business and its branding. The only reason that we were not immediately forced to cease using our company name was the fact that we were prepared to expose their tactics and spread our "David versus Goliath" story via newspaper/television/radio and social media of the internet, i.e. email/blogs, Facebook, Twitter, Youtube, etc. We were fortunate that a digital-media campaign management firm - Digital Media Storm - offered "pro bono" services to take our story nation-wide. The possibility that this story of a giant foreign corporation crushing a miniscule American Small Business could go viral in the "court of public opinion" was enough to give TOTO USA INC pause.

4. Please describe situations where you have been involved in trademark litigation in state or federal courts. Anecdotal information might include, but is not limited to, a description of whether the lawsuit settled on the basis of the small business agreeing to cease its use of one or more marks, or on the basis of the plaintiff withdrawing or abandoning its trademark-related allegation(s). Alternatively, relevant information might include whether such lawsuits resulted in a court judgment and the nature of the judgment (such as requiring the small business to cease its use of one or more marks, assessing monetary liability (damages, lost profits, or attorneys' fees) against the small business, requiring the plaintiff to pay the defendant's attorneys' fees, or imposing sanctions against the plaintiff under Rule 11 of the Federal Rules of Civil Procedure).

As yet, we have not been involved in trademark litigation; bear in mind that were this case ever to go to court, we would have to accede to all their demands as we could never afford the required legal costs.

5. Please describe situations where you have been involved in opposition/cancellation proceedings instituted at the USPTO against small business owners. Anecdotal information might include, but is not limited to, a description of whether the proceedings settled on the basis of the small business agreeing to abandon its application(s) for one or more marks, or whether the proceedings settled on the basis of the plaintiff withdrawing or abandoning its notice of opposition or cancellation petition. Alternatively, relevant information might include a description of whether such proceedings resulted in a decision by the USPTO Trademark Trial and Appeal Board ("TTAB") refusing to register/canceling one or more marks owned by the small business, or whether such proceedings resulted in the TTAB imposing sanctions against the plaintiff under Rule 11 of the Federal Rules of Civil Procedure.

As yet, we have not been involved in such procedings.

6. Do you think trademark "bullies"[1] are currently a problem for trademark owners, and if so, how significant is the problem?

Yes, we believe that this type of "legal assault" is prevalent throughout the landscape of American business. In the context of "small business" we think it is - unfortunately - a common but seldom publicized occurrence as it is far less expensive for any small business to "fold" in the face of the huge legal costs involved rather than fight their case in court. We also believe this "bullying" tactic will only become more widespread as more corporations grow in size and financial power. It will become one of their better weapons to stifle any competition - both real and perceived. Corporations will hide behind the false veil of legitimacy provided by current Intellectual Property statutes; while utilizing these same states to intimidate, cripple, and eliminate smaller companies. To what extent this occurs right now, we have no idea.

7. Do you think aggressive litigation tactics are more pervasive in the trademark area than in other areas of the law?

As long as "aggressive litigation" is available to large corporate entities and not affordable/available for smaller businesses, it will be used to silence and eliminate any trademark/business that is perceived to be a competitor - or that might become a competitor at some time in the future.

8. Do you think the USPTO has a responsibility to do something to discourage or prevent trademark bullying? If yes, what should the USPTO do?

Yes. How will America's small businesses and its entrepreneurs flourish if large corporations can utilize misguided laws to stamp out any new businesses with good, economically potent ideas? This sort of tactic will be used more frequently as larger corporations grow and expand their scope of business. We suggest simplifying/clarifying the definition of "bullying" to protect small businesses and then instituting and enforcing legal measures to eliminate it.

9. Do you think the U.S. courts have a responsibility to do something to discourage trademark bullies? If yes, what should the U.S. courts do?

Yes again. If we agree that the basis of this debate is the concept of "bullying", how can our courts establish an environment where that can never happen? Create an equitable environment where it is dangerous to be a bully and it will stop; fair competition should - and will - replace it.

10. What other U.S. agencies may have a responsibility to do something about the problem?

We believe two areas need further attention: 1) coordination of the internet with federal trademark regulation; 2) strong coordination at the state level with federal trademark sytems and laws.

11. Do you think Congress has a responsibility to do something to discourage or prevent trademark bullying? If yes, what should Congress do?

Yes. Pass proper laws/legislation designed to protect the initiative, enterprise, and investments of American small business; no other government entity will be able to control this problem (particularly the judicial) without this legal structure - see #8 above. It seems very clear to us that without this sort of legal protection, small businesses will always be vulnerable to overwhelming legal assaults, actions and costs instituted at the whim of any larger entity/corporation that might view them as competition.

12. Please provide any other comments you may have.

Unfortunately the unfair reality of our own situation is such that our own business will not survive to enjoy whatever future protection you might create. We encourage your agency to take quick action in the hope that other small businesses can avoid this fate.

MARK GOULD

- CONTACT INFORMATION:

(b)(6)